



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

October 20, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS: OLIVE VIEW-UCLA MEDICAL CENTER  
EMERGENCY ROOM REPLACEMENT AND TUBERCULOSIS UNIT PROJECT  
APPROVE CHANGE ORDER FOR CENTRAL PLANT SEISMIC UPGRADE  
SPECS. 6678; CAPITAL PROJECT NO. 69249  
CONTRACT PW-13253  
(FIFTH DISTRICT) (4 VOTES)**

### **SUBJECT**

Execution of a change order for the Emergency Room Replacement and Tuberculosis Unit Project at the Olive View-UCLA Medical Center.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find the nonstructural seismic upgrade of the Central Plant at Olive View-UCLA Medical Center to be categorically exempt from the California Environmental Quality Act under Section 15301, Classes 1 (a), (d), and (f); and Classes 1 (d) and (i), of the County of Los Angeles Environmental Procedures and Guidelines adopted by your Board on November 17, 1987.
2. Approve and authorize the Director of Public Works to execute a change order to Contract PW – 13253 with McCarthy Building Companies, Inc., for the nonstructural seismic upgrade of the Central Plant in an amount not-to-exceed \$1,500,000.

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended action will allow the reassignment of the central plant scope of the Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit to the general contractor to gain efficiency in project delivery and enable Central Plant to be seismically upgraded to the Non-Structural Performance Category (NPC) 4 in compliance with Senate Bill 1953 (SB 1953) requirements.

The Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit project includes construction of a new 31,000 square-foot emergency room and a new 10,000 square-foot acute care unit to treat isolation/tuberculosis patients.

On January 27, 2009, your Board authorized the Department of Public Works (Public Works) to award and execute a construction contract with McCarthy Building Companies, Inc. (McCarthy) for \$32,741,836.

As part of that action, your Board was informed that the project budget included \$2,000,000 for seismic upgrade of the Central Plant to comply with SB 1953 seismic requirements. SB 1953 requires that existing hospitals and their supporting service buildings be upgraded to meet the seismic requirements. As a condition to occupy the new Emergency Department, the NPC-4 upgrade to the Central Plant is required because the utility lines within the Central Plant will feed the fully compliant new buildings when the project is completed.

This work was not included in the contract with McCarthy because Public Works planned to use a Job Order Contractor (JOC) for the seismic upgrade. In reviewing the construction and project management resources required for the work, it was determined that it is more efficient to manage and coordinate the work through one contractor, McCarthy, instead of two contractors at the project site. Public Works has been in discussion with McCarthy to perform the Central Plant seismic upgrade and McCarthy will be able to complete work within the construction schedule of the Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit project.

The Central Plant change order will have no negative impact to project schedule or budget. Construction is progressing smoothly with no major problems encountered. In order to maintain McCarthy's construction completion schedule, Public Works is processing a proceed order in the not-to-exceed amount of \$150,000 for McCarthy to begin shop-drawings for the work and requesting that your Board approve and authorize the Director of Public Works to execute a change order in the not-to-exceed amount of

The Honorable Board of Supervisors  
October 20, 2009  
Page 3

\$1,500,000. If your Board does not approve this change order, the shop-drawings can be used by a JOC to complete construction of this retrofit work as previously planned.

#### Sustainable Design Program

Not Applicable.

#### Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Children, Family, and Adult Well-Being (Goal 2), Health and Mental Health (Goal 4), and Public Safety (Goal 5) by investing in public health infrastructure to enhance the safety of patients and staff.

#### FISCAL IMPACT/FINANCING

The total project cost, including plans and specifications, plan check, construction, utility connection fees, consultant services, miscellaneous expenditures, and County services, remains at \$53,218,000 as previously authorized by your Board. The Project Budget Summary is included in the Attachment.

The change order will be funded from funds previously budgeted for JOC delivery. Sufficient funds are available in the Fiscal Year 2009-10 Capital Projects/Refurbishments Budget to fund the recommended actions. The project is funded by commercial paper proceeds and miscellaneous revenue for Olive View-UCLA Medical Center improvements, but will ultimately be funded through the issuance of long-term tax exempt bonds.

#### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Sections 20137 of the Public Contract Code allows your Board, with a four-fifths vote, to authorize a change order to a construction contract that is less than 10 percent of the original contract amount without having to obtain bids for the work. The recommended change order in the amount of \$1,500,000 represents 4.58 percent of the original contract amount.

#### ENVIRONMENTAL DOCUMENTATION

On May 29, 2007, your Board adopted a Mitigated Negative Declaration for the Emergency Room Replacement and Tuberculosis Unit buildings.

The nonstructural seismic upgrade work was not discussed in the Mitigated Negative Declaration and we are recommending your Board find the proposed work to be categorically exempt from the California Environmental Quality Act under Section 15301, Classes 1 (a), (d), and (f); and Classes 1 (d) and (i), of the County of Los Angeles Environmental Procedures and Guidelines adopted by your Board on November 17, 1987, because work will involve the seismic upgrade of an existing building to meet current standards of public health and safety, with negligible or no expansion of the existing use. Notice of Exemption will be filed with the Registrar-Recorder/County Clerk.

### **CONTRACTING PROCESS**

Under the County Code, the Director of Public Works has the delegated authority to execute individual change orders in specified amounts up to a maximum per-change order amount of \$150,000 with an aggregate maximum change order amount of 25 percent of the original contract amount or \$8,185,459. Since execution of the contract, five change orders have been fully executed under delegated authority in the aggregate amount of \$114,098.78 or 0.34 percent.

On July 15, 2008, your Board adopted and approved use of the guaranteed maximum price construction agreement contract to be used by this project. As authorized by California Government Code, the contract allows for McCarthy entitlement to an early completion bonus of \$2,500 per day for each day McCarthy completes the work ahead of the specified completion schedule date, up to a maximum of \$200,000. Approval of this change order does not extend the contract completion date, as the parties have agreed that the work can be accomplished within the existing contract time. However, should the County ultimately determine that there have been critical-path delays associated with this change order that are caused by the County and/or by the Office of Statewide Planning and Development, the contract completion date will be extended by said number of delay days, including for purposes of determining McCarthy's potential entitlement to an early completion bonus.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

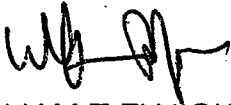
Approval of the recommended action will have no impact on current services or projects. The scope of this retrofit work is not anticipated to impact operations both in the hospital as well as the Central Plant.

The Honorable Board of Supervisors  
October 20, 2009  
Page 5

**CONCLUSION**

Please return an adopted copy of this letter to the Chief Executive Office, Capital Projects Division; and Public Works, Project Management Division I.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:GF:SK  
DJT:SW:zu

**Attachments**

c: County Counsel  
Department of Health Services  
Department of Public Works

October 20, 2009

**ATTACHMENT**

**DEPARTMENT OF PUBLIC WORKS: OLIVE VIEW-UCLA MEDICAL CENTER  
EMERGENCY ROOM REPLACEMENT AND TUBERCULOSIS UNIT PROJECT  
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CONTRACT PW-13253**

**I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Scheduled Completion Date</b>	<b>Revised Completion Date</b>
Construction Documents	03/26/2006*	03/26/2006*
Jurisdictional Approvals	04/17/2007*	04/17/2007*
Advertise for Bids	10/16/2008*	10/16/2008*
Award Construction Contract	01/28/2009	03/10/2009*
Construction Substantial Completion	08/30/2011	08/30/2011
Acceptance of Project	11/30/2011	11/30/2011

\* Actual completion date.

## II. PROJECT BUDGET SUMMARY

Project Activity	Approved Project Budget	Impact of Action	Proposed Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Low Bid Construction Contract	\$32,741,836	\$ 0	\$32,741,836
Job Order Contract	6,180,156	(1,500,000)	4,680,156
Change Orders	1,500,000	1,500,000	3,000,000
Departmental Crafts	0	0	0
Youth Employment	0	0	0
Construction Consultants	0	0	0
Misc. Expense	1,012,008	0	1,012,008
Telecomm Equip – Affixed to Building	200,000	0	200,000
Civic Arts	0	0	0
Subtotal	\$41,634,000	\$ 0	\$41,634,000
Programming/Development	\$ 0	\$ 0	\$ 0
Plans and Specifications	\$ 2,820,000	\$ 0	\$ 2,820,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$0
Hazardous Materials	56,000	0	56,000
Geotech/Soils Report and Soils Testing	270,000	0	270,000
Material Testing	425,000	0	425,000
Cost Estimating	40,000	0	40,000
Topographic Surveys	45,000	0	45,000
Construction Management	780,000	0	780,000
Construction Administration	0	0	0
Environmental	105,000	0	105,000
Move Management	0	0	0
Equipment Planning	0	0	0
Legal	0	0	0
Construction/Change Order	0	0	0
Other: Misc. Expense	259,000	0	259,000
Subtotal	\$ 1,980,000	\$ 0	\$ 1,980,000
Miscellaneous Expenditures	\$ 10,000	\$ 0	\$ 10,000
Jurisdictional Review/Plan Check/Permit	\$ 490,000	\$ 0	\$ 490,000
County Services			
Code Compliance & Quality Control Inspections	\$ 619,000	\$ 0	\$ 619,000
Design Review	63,000	0	63,000
Design Services	0	0	0
Contract Administration	147,000	0	147,000
Project Management	411,000	0	411,000
Project Management Support Services	4,614,000	0	4,614,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	0	0	0
ISD ITS Communications	250,000	0	250,000
Project Security	0	0	0
Project Technical Support	90,000	0	90,000
Office of Affirmative Action	50,000	0	50,000
County Counsel	0	0	0
Other: Misc. Expense	40,000	0	40,000
Subtotal	\$ 6,284,000	\$ 0	\$ 6,284,000
<b>TOTAL</b>	<b>\$53,218,000</b>	<b>\$ 0</b>	<b>\$53,218,000</b>